



State of Wisconsin  
2019 - 2020 LEGISLATURE

LRB-3973/1  
JK&MES:amn&wlj

## 2019 ASSEMBLY BILL 969

February 28, 2020 - Introduced by Representatives C. TAYLOR, STUBBS, SARGENT, ANDERSON, CABRERA, CONSIDINE, BROSTOFF, KOLSTE, SINICKI and BOWEN, cosponsored by Senators CARPENTER and SMITH. Referred to Committee on Ways and Means.

1     **AN ACT to amend** 71.06 (1q) (intro.), 71.06 (2) (i) (intro.), 71.06 (2) (j) (intro.),  
2             71.06 (2e) (a), 71.06 (2e) (b), 71.06 (2m), 71.06 (2s) (d), 71.125 (1), 71.125 (2),  
3             71.17 (6), 71.64 (9) (b) (intro.), 71.67 (5) (a) and 71.67 (5m); and **to create** 71.06  
4             (1r), 71.06 (2) (k), 71.06 (2) (L) and 71.06 (2e) (bg) of the statutes; **relating to:**  
5             increasing certain individual income tax rates and expanding the number of  
6             brackets, a one-time increase in the general program operations appropriation  
7             of the University of Wisconsin System, and making an appropriation.

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### *Analysis by the Legislative Reference Bureau*

This bill makes changes to the individual income tax rates and brackets. Under current law, there are four income tax brackets for single individuals, certain fiduciaries, heads of households, and married persons. The brackets are indexed for inflation. The rate of taxation under current law for the four brackets, before indexing for inflation, is as follows:

1. For taxable income not exceeding \$7,500, 4.0 percent.
2. For taxable income exceeding \$7,500, but not \$15,000, 5.21 percent.
3. For taxable income exceeding \$15,000, but not \$225,000, 6.27 percent.
4. For taxable income exceeding \$225,000, 7.65 percent.

Under this bill, which first applies to taxable year 2020, there are five income tax brackets for single individuals, certain fiduciaries, heads of households, and

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married persons. The brackets are indexed for inflation. The rate of taxation under the bill for the five brackets for single individuals, certain fiduciaries, and heads of households is as follows:

1. For taxable income not exceeding \$7,500, 4.0 percent.
2. For taxable income exceeding \$7,500, but not \$15,000, 5.21 percent.
3. For taxable income exceeding \$15,000, but not \$225,000, 6.27 percent.
4. For taxable income exceeding \$225,000, but not \$500,000, 7.65 percent.
5. For taxable income exceeding \$500,000, 8.25 percent.

The rates that apply to married joint filers under the bill are the same as the rates that apply to single individuals, fiduciaries, and heads of households, but the income limitations are higher. The lowest bracket applies to taxable income not exceeding \$10,000; the second bracket applies to taxable income exceeding \$10,000, but not \$20,000; the third bracket applies to taxable income exceeding \$20,000, but not \$300,000; the fourth bracket applies to taxable income exceeding \$300,000, but not \$1,000,000; and the fifth bracket applies to taxable income exceeding \$1,000,000.

Finally, the bill requires the Department of Revenue to estimate the increase in revenue in 2021 that results from the changes made in this bill and provides for the general program operations appropriation for the University of Wisconsin System to be increased by that amount for the fiscal year beginning on July 1, 2021.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

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***The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:***

1           **SECTION 1.** 71.06 (1q) (intro.) of the statutes is amended to read:

2           71.06 **(1q)** FIDUCIARIES, SINGLE INDIVIDUALS, AND HEADS OF HOUSEHOLDS; AFTER  
3           ~~2012~~ 2013 TO 2019. (intro.) The tax to be assessed, levied, and collected upon the taxable  
4           incomes of all fiduciaries, except fiduciaries of nuclear decommissioning trust or  
5           reserve funds, and single individuals and heads of households shall be computed at  
6           the following rates for taxable years beginning after December 31, 2012, and before  
7           January 1, 2020:

8           **SECTION 2.** 71.06 (1r) of the statutes is created to read:

9           71.06 **(1r)** FIDUCIARIES, SINGLE INDIVIDUALS, AND HEADS OF HOUSEHOLDS; AFTER  
10          2019. The tax to be assessed, levied, and collected upon the taxable incomes of all  
11          fiduciaries, except fiduciaries of nuclear decommissioning trust or reserve funds, and

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1 single individuals and heads of households shall be computed at the following rates  
2 for taxable years beginning after December 31, 2019:

3 (a) On all taxable income from \$0 to \$7,500, 4.0 percent.

4 (b) On all taxable income exceeding \$7,500 but not exceeding \$15,000, 5.21  
5 percent.

6 (c) On all taxable income exceeding \$15,000 but not exceeding \$225,000, 6.27  
7 percent.

8 (d) On all taxable income exceeding \$225,000 but not exceeding \$500,000, 7.65  
9 percent.

10 (e) On all taxable income exceeding \$500,000, 8.25 percent.

11 **SECTION 3.** 71.06 (2) (i) (intro.) of the statutes is amended to read:

12 71.06 (2) (i) (intro.) For joint returns, for taxable years beginning after  
13 December 31, 2012, and before January 1, 2020:

14 **SECTION 4.** 71.06 (2) (j) (intro.) of the statutes is amended to read:

15 71.06 (2) (j) (intro.) For married persons filing separately, for taxable years  
16 beginning after December 31, 2012, and before January 1, 2020:

17 **SECTION 5.** 71.06 (2) (k) of the statutes is created to read:

18 71.06 (2) (k) For joint returns, for taxable years beginning after  
19 December 31, 2019:

20 1. On all taxable income from \$0 to \$10,000, 4.0 percent.

21 2. On all taxable income exceeding \$10,000 but not exceeding \$20,000, 5.21  
22 percent.

23 3. On all taxable income exceeding \$20,000 but not exceeding \$300,000, 6.27  
24 percent.

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1           4. On all taxable income exceeding \$300,000 but not exceeding \$1,000,000, 7.65  
2 percent.

3           5. On all taxable income exceeding \$1,000,000, 8.25 percent.

4           **SECTION 6.** 71.06 (2) (L) of the statutes is created to read:

5           71.06 (2) (L) For married persons filing separately, for taxable years beginning  
6 after December 31, 2019:

7           1. On all taxable income from \$0 to \$5,000, 4.0 percent.

8           2. On all taxable income exceeding \$5,000 but not exceeding \$10,000, 5.21  
9 percent.

10          3. On all taxable income exceeding \$10,000 but not exceeding \$150,000, 6.27  
11 percent.

12          4. On all taxable income exceeding \$150,000 but not exceeding \$500,000, 7.65  
13 percent.

14          5. On all taxable income exceeding \$500,000, 8.25 percent.

15          **SECTION 7.** 71.06 (2e) (a) of the statutes is amended to read:

16          71.06 (2e) (a) For taxable years beginning after December 31, 1998, and before  
17 January 1, 2000, the maximum dollar amount in each tax bracket, and the  
18 corresponding minimum dollar amount in the next bracket, under subs. (1m) and (2)  
19 (c) and (d), and for taxable years beginning after December 31, 1999, and before  
20 January 1, 2020, the maximum dollar amount in each tax bracket, and the  
21 corresponding minimum dollar amount in the next bracket, under subs. (1n), (1p) (a)  
22 to (c), (1q) (a) and (b), and (2) (e), (f), (g) 1. to 3., (h) 1. to 3., (i) 1. and 2., and (j) 1. and  
23 2., shall be increased each year by a percentage equal to the percentage change  
24 between the U.S. consumer price index for all urban consumers, U.S. city average,  
25 for the month of August of the previous year and the U.S. consumer price index for

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1 all urban consumers, U.S. city average, for the month of August 1997, as determined  
2 by the federal department of labor, except that for taxable years beginning after  
3 December 31, 2000, and before January 1, 2002, the dollar amount in the top bracket  
4 under subs. (1p) (c) and (d), (2) (g) 3. and 4. and (h) 3. and 4. shall be increased by a  
5 percentage equal to the percentage change between the U.S. consumer price index  
6 for all urban consumers, U.S. city average, for the month of August of the previous  
7 year and the U.S. consumer price index for all urban consumers, U.S. city average,  
8 for the month of August 1999, as determined by the federal department of labor,  
9 except that for taxable years beginning after December 31, 2011, the adjustment may  
10 occur only if the resulting amount is greater than the corresponding amount that was  
11 calculated for the previous year.

12 **SECTION 8.** 71.06 (2e) (b) of the statutes is amended to read:

13 71.06 **(2e)** (b) For taxable years beginning after December 31, 2009, and before  
14 January 1, 2020, the maximum dollar amount in each tax bracket, and the  
15 corresponding minimum dollar amount in the next bracket, under subs. (1p) (d), (1q)  
16 (c), and (2) (g) 4., (h) 4., (i) 3., and (j) 3., and the dollar amount in the top bracket under  
17 subs. (1p) (e), (1q) (d), and (2) (g) 5., (h) 5., (i) 4., and (j) 4., shall be increased each year  
18 by a percentage equal to the percentage change between the U.S. consumer price  
19 index for all urban consumers, U.S. city average, for the month of August of the  
20 previous year and the U.S. consumer price index for all urban consumers, U.S. city  
21 average, for the month of August 2008, as determined by the federal department of  
22 labor, except that for taxable years beginning after December 31, 2011, the  
23 adjustment may occur only if the resulting amount is greater than the corresponding  
24 amount that was calculated for the previous year.

25 **SECTION 9.** 71.06 (2e) (bg) of the statutes is created to read:

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1           71.06 (2e) (bg) 1. For taxable years beginning after December 31, 2018, the  
2           maximum dollar amount in each tax bracket under subs. (1r) (a) and (b) and (2) (k)  
3           1. and 2. and (L) 1. and 2., and the corresponding minimum dollar amount in the next  
4           tax bracket under subs. (1r) (b) and (c) and (2) (k) 2. and 3. and (L) 2. and 3. shall be  
5           increased each year by a percentage equal to the percentage change between the U.S.  
6           consumer price index for all urban consumers, U.S. city average, for the month of  
7           August of the previous year and the U.S. consumer price index for all urban  
8           consumers, U.S. city average, for the month of August 1997, as determined by the  
9           federal department of labor, except that for taxable years beginning after December  
10          31, 2019, the adjustment may occur only if the resulting amount is greater than the  
11          corresponding amount that was calculated for the previous year.

12          2. For taxable years beginning after December 31, 2018, the maximum dollar  
13          amount in each tax bracket under subs. (1r) (c) and (2) (k) 3. and (L) 3., and the  
14          corresponding minimum dollar amount in the next tax bracket under subs. (1r) (d)  
15          and (2) (k) 4. and (L) 4. shall be increased each year by a percentage equal to the  
16          percentage change between the U.S. consumer price index for all urban consumers,  
17          U.S. city average, for the month of August of the previous year and the U.S. consumer  
18          price index for all urban consumers, U.S. city average, for the month of August 2008,  
19          as determined by the federal department of labor, except that the adjustment may  
20          occur only if the resulting amount is greater than the corresponding amount that was  
21          calculated for the previous year.

22          3. For taxable years beginning after December 31, 2020, the maximum dollar  
23          amount in the tax bracket under subs. (1r) (d) and (2) (k) 4. and (L) 4. and the  
24          corresponding dollar amount in the top bracket under subs. (1r) (e) and (2) (k) 5. and  
25          (L) 5. shall be increased each year by a percentage equal to the percentage change

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1 between the U.S. consumer price index for all urban consumers, U.S. city average,  
2 for the month of August of the previous year and the U.S. consumer price index for  
3 all urban consumers, U.S. city average, for the month of August 2019, as determined  
4 by the federal department of labor, except that the adjustment may occur only if the  
5 resulting amount is greater than the corresponding amount that was calculated for  
6 the previous year.

7 **SECTION 10.** 71.06 (2m) of the statutes is amended to read:

8 71.06 **(2m)** RATE CHANGES. If a rate under sub. (1), (1m), (1n), (1p), (1q), (1r),  
9 or (2) changes during a taxable year, the taxpayer shall compute the tax for that  
10 taxable year by the methods applicable to the federal income tax under section 15 of  
11 the Internal Revenue Code.

12 **SECTION 11.** 71.06 (2s) (d) of the statutes is amended to read:

13 71.06 **(2s)** (d) For taxable years beginning after December 31, 2000, with  
14 respect to nonresident individuals, including individuals changing their domicile  
15 into or from this state, the tax brackets under subs. (1p), (1q), (1r), and (2) (g), (h),  
16 (i), ~~and (j), (k), and (L)~~ shall be multiplied by a fraction, the numerator of which is  
17 Wisconsin adjusted gross income and the denominator of which is federal adjusted  
18 gross income. In this paragraph, for married persons filing separately “adjusted  
19 gross income” means the separate adjusted gross income of each spouse, and for  
20 married persons filing jointly “adjusted gross income” means the total adjusted gross  
21 income of both spouses. If an individual and that individual’s spouse are not both  
22 domiciled in this state during the entire taxable year, the tax brackets under subs.  
23 (1p), (1q), (1r), and (2) (g), (h), (i), ~~and (j), (k), and (L)~~ on a joint return shall be  
24 multiplied by a fraction, the numerator of which is their joint Wisconsin adjusted

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1 gross income and the denominator of which is their joint federal adjusted gross  
2 income.

3 **SECTION 12.** 71.125 (1) of the statutes is amended to read:

4 71.125 (1) Except as provided in sub. (2), the tax imposed by this chapter on  
5 individuals and the rates under s. 71.06 (1), (1m), (1n), (1p), (1q), (1r), and (2) shall  
6 apply to the Wisconsin taxable income of estates or trusts, except nuclear  
7 decommissioning trust or reserve funds, and that tax shall be paid by the fiduciary.

8 **SECTION 13.** 71.125 (2) of the statutes is amended to read:

9 71.125 (2) Each electing small business trust, as defined in section 1361 (e) (1)  
10 of the Internal Revenue Code, is subject to tax at the highest rate under s. 71.06 (1),  
11 (1m), (1n), (1p), ~~or~~ (1q), or (1r), whichever taxable year is applicable, on its income  
12 as computed under section 641 of the Internal Revenue Code, as modified by s. 71.05  
13 (6) to (12), (19) and (20).

14 **SECTION 14.** 71.17 (6) of the statutes is amended to read:

15 71.17 (6) FUNERAL TRUSTS. If a qualified funeral trust makes the election under  
16 section 685 of the Internal Revenue Code for federal income tax purposes, that  
17 election applies for purposes of this chapter and each trust shall compute its own tax  
18 and shall apply the rates under s. 71.06 (1), (1m), (1n), (1p), ~~or~~ (1q), or (1r).

19 **SECTION 15.** 71.64 (9) (b) (intro.) of the statutes is amended to read:

20 71.64 (9) (b) (intro.) The department shall from time to time adjust the  
21 withholding tables to reflect any changes in income tax rates, any applicable surtax  
22 or any changes in dollar amounts in s. 71.06 (1), (1m), (1n), (1p), (1q), (1r), and (2)  
23 resulting from statutory changes, except as follows:

24 **SECTION 16.** 71.67 (5) (a) of the statutes is amended to read:

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1           71.67 (5) (a) *Wager winnings*. A person holding a license to sponsor and  
2 manage races under s. 562.05 (1) (b) or (c) shall withhold from the amount of any  
3 payment of pari-mutuel winnings under s. 562.065 (3) (a) or (3m) (a) an amount  
4 determined by multiplying the amount of the payment by the highest rate applicable  
5 to individuals under s. 71.06 (1) (a) to (c), (1m), (1n), (1p), ~~or (1q)~~, or (1r) if the amount  
6 of the payment is more than \$1,000.

7           **SECTION 17.** 71.67 (5m) of the statutes is amended to read:

8           71.67 (5m) WITHHOLDING FROM PAYMENTS TO PURCHASE ASSIGNMENT OF LOTTERY  
9 PRIZE. A person that purchases an assignment of a lottery prize shall withhold from  
10 the amount of any payment made to purchase the assignment the amount that is  
11 determined by multiplying the amount of the payment by the highest rate applicable  
12 to individuals under s. 71.06 (1) (a) to (c), (1m), (1n), (1p), ~~or (1q)~~, or (1r). Subsection  
13 (5) (b), (c) and (d), as it applies to the amounts withheld under sub. (5) (a), applies  
14 to the amount withheld under this subsection.

15           **SECTION 18. Nonstatutory provisions.**

16           (1) REVENUE FROM CHANGES TO TAX RATES AND BRACKETS. In 2021, the department  
17 of revenue shall, no earlier than July 1, 2021, and no later than September 1, 2021,  
18 estimate the increase in tax revenue as a result of the modification to the tax rates  
19 and brackets under this act and certify that amount to the secretary of  
20 administration.

21           **SECTION 19. Fiscal changes.**

22           (1) In the schedule under s. 20.005 (3) for the appropriation to the University  
23 of Wisconsin System under s. 20.285 (1) (a), the dollar amount for fiscal year 2021-22

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**SECTION 19**

1 is increased by an amount equal to the amount certified under SECTION 18 (1) of this  
2 act for the purposes for which the appropriation is made.

3 (END)